Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

RECEIVED
APR 17 1995
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of	)	
	)	
Price Cap Performance Review for Local Exchange Carriers	))	CC Docket No. 94-1
	)	
Treatment of Video Dialtone Service Under Price Cap Regulation	))	DOCKET FILE COPY ORIGINAL

COMMENTS OF
THE CALIFORNIA CABLE TELEVISION ASSOCIATION
IN THE FURTHER NOTICE OF PROPOSED RULEMAKING

Alan J. Gardner
Jerry Yanowitz
Jeffrey Sinsheimer
CALIFORNIA CABLE TELEVISION ASSOCIATION
4341 Piedmont Avenue
Oakland, California 94611
(510) 428-2225

Economic Consultant:

Terry L. Murray
Murray and Associates
101 California Street
Suite 4225
San Francisco, CA 94111
(415) 394-9200

Frank W. Lloyd
Donna N. Lampert
James J. Valentino
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.
701 Pennsylvania Avenue, N.W.
Suite 900
Washington, D.C. 20004
(202) 434-7300

April 17, 1995

No. of Copies rec'd 0+4
List ABCDE

TABLE OF CONTENTS

RECEIVED
APR 17 1995
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of	)	
	)	
Price Cap Performance Review for Local Exchange Carriers	)	CC Docket No. 94-1
	)	
Treatment of Video Dialtone Service Under Price Cap Regulation	)	

COMMENTS OF THE CALIFORNIA CABLE TELEVISION ASSOCIATION IN THE FURTHER NOTICE OF PROPOSED RULEMAKING

The California Cable Television Association ("CCTA")[1/] hereby files its opening comments on the Further Notice of Proposed Rulemaking ("Notice")[2/] regarding the treatment under price caps of local exchange carrier ("LEC") video dialtone services.

INTRODUCTION AND SUMMARY

CCTA asserts that the most important protections against improper cross-subsidization are proper cost allocation and setting of initial video dialtone rates to recover all appropriate costs. The Federal Communications Commission ("FCC" or "Commission") must review in detail and in public the relationship between initial LEC video dialtone rates and the cost of video dialtone service to determine appropriate parameters for application of the price cap

---

[1/] CCTA is a trade association representing cable television operators with over 400 cable television systems in California, including both small rural systems and national multiple system operators. CCTA's members are potential competitors of local telephone companies in the provision of video services to the public in California.

[2/] In the Matter of Price Cap Performance Review for Local Exchange Carriers; Treatment of Video Dialtone Services Under Price Cap Regulation, Further Notice of Proposed Rulemaking, CC Docket No. 94-1, ("Notice") (released Feb. 15, 1995).

formula to a video dialtone-only price cap basket. The Notice raises an important issue -- how can regulators use price caps to prevent the LECs from using revenues from monopoly telephone services to subsidize rates for their new competitive video dialtone service offerings.

As the FCC has recognized, the LECs' video dialtone services are new services intended to compete with services currently offered by cable television providers and other sources of video programming.[3/] Video dialtone is a common carrier service,[4/] thus, for now and the foreseeable future, the greatest public interest concern raised by the LECs' video dialtone services is the likelihood that the LECs will leverage their monopoly power in the local exchange telecommunications market to enable them to engage in anticompetitive behavior in the video marketplace. While CCTA is hopeful that the establishment of a separate price caps basket will assist regulators in trying to uncover anticompetitive cross-subsidization by the LECs, the price caps mechanism will not, in and of itself, serve to ensure that the competition that takes place will be fair.

[3/] Video Dialtone Reconsideration Order, 10 FCC Rcd 244 at ¶ 206.

[4/] Telephone Company-Cable Television Cross-Ownership Rules, Sections 63.54-63.58, First Report and Order, 7 FCC Rcd 300 (1991) (First Report and Order), recon., 7 FCC Rcd 5069 (1992) (Memorandum Opinion and Order, aff'd, National Cable Television Association v. FCC, 33 F.3d 66 (D.C. Cir. 1994) (NCTA v. FCC); Telephone Company-Cable Television Cross-Ownership Rules, Sections 63.54-63.58, Second Report and Order, Recommendation to Congress, and Second Further Notice of Proposed Rulemaking, 7 FCC Rcd 5781 (1992) (Second Report and Order), aff'd in part and modified in part, 10 FCC 244 (1994) (Video Dialtone Reconsideration Order), appeal pending sub nom., Mankato Citizens Telephone Company, No. 92-1404 (D.C. Cir. filed September 9, 1992).

Moreover, it is important to recognize that video dialtone is a service where the incentives for improper cross-subsidization are especially strong,[5] given the intense desire that the price cap LECs have shown to enter the video marketplace.[6] In developing any video dialtone price caps mechanism, the FCC must bear in mind the differences between video dialtone and other services under the price caps regime. Under the price caps regime, which regulates interstate rates, the LECs are incumbents and dominant -- in fact, in most states, monopolies. As the Commission stated, the price cap plan that the LECs are now operating under is designed to "encourage LECs to make economic decisions that they would make if their markets were competitive."[7] Yet, in the video marketplace, the LECs are new entrants with powerful economic assets with every incentive to act like aggressive competitors -- i.e., they have every incentive to gain a competitive edge in the marketplace by whatever means it takes. As the Commission itself noted, telephone companies "could

---

[5] The incentives to engage in improper cross-subsidization are strong even without the ability to provide video programming. But, if the Commission decides to change the nature of video dialtone by allowing the telephone companies to become video programmers, the risks of anticompetitive conduct are compounded. In these circumstances, the FCC must recognize that these alleged "video dialtone systems" are really cable systems, see Comments of CCTA on the Fourth Further Notice of Proposed Rulemaking ("CCTA Comments"), CC Docket No. 87-266, at 10-15 (filed March 21, 1995), and that a regime that is designed to set prices as low as possible can creates incentives for predatory pricing. In the Matter of Price Cap Performance Review for LECS, First Report and Order, ("LEC Price Cap Order"), CC Docket No. 94-1, at ¶2 (released April 7, 1995).

[6] See Berniker, Bell Atlantic Lines Up Product for VOD Trial, Broadcasting and Cable, March 13, 1995 at 14 (Bell Atlantic, along with other telcos, is investing billions in broadband video networks"); see also L. Moss, "Smith Urges Advertisers to Pursue Interactive World," Multichannel News at 24 (Feb. 6, 1995); see also "Align and Conquer," Wired, Feb. 1995 at 116; "Grushow to Helm CAA Teleco Bid," B. Lowry, Daily Variety at 1 (April 7, 1995); see also "Trial By Wire: Bell Atlantic Prepares for Battle in Cyberspace," M. Krantz, Mediaweek at 25 (March 20, 1995).

[7] LEC Price Cap Order at ¶7.

engage in cross-subsidization and predatory pricing by setting rates for their video dialtone services below their incremental costs and recover such costs from telephone ratepayers."[8]

Without constant and careful scrutiny by the FCC of the video-related activities of the LECs, the FCC runs the risk of creating a skewed video marketplace with lasting adverse consequences for the fairness of competition. Thus, CCTA believes that at a minimum, price cap LECs should be required to identify publicly all video dialtone costs as the Commission specified under the price caps new services test.[9] Once identified, which is a task the FCC should not underestimate, the FCC must ensure that video dialtone costs remain segregated from other regulated service costs.

Beyond this, however, the FCC must examine carefully the implications of incorporating aspects of the price cap regime such as sharing, the low-end adjustment, and the use of a productivity factor. First, CCTA believes that initial rates must be set accurately according to sound principles of cost-causation. Then, the FCC will have a sufficient record upon which to evaluate these other aspects of the price cap regime. In this way, it can better assess the public interest ramifications of its decisions, as the public benefits only arise if the competition is not skewed.

---

[8] Notice at ¶ 1, n.2.

[9] Of course, the success of determining the accuracy of the initial rates depends upon many factors, including the willingness of the LECs to submit necessary cost data and the FCC's insistence upon exacting information that will allow it to make rational judgments. CCTA continues to believe, as it has asserted previously, that in developing video dialtone rates, the FCC must state that all video dialtone information will be submitted only on 120 days notice. As the FCC often relies on consumers and competitors to uncover anticompetitive conduct, such an approach logically follows. As such, it is only in the public interest to provide interested parties sufficient time to compile and examine available cost information. See CCTA Comments, at 25-27.

I. The FCC Should Reaffirm Its Commitment in the Video Dialtone Reconsideration Order to Use a Separate Video Dialtone Price Caps Basket to Help Prevent Anticompetitive Cross-Subsidization

The FCC's price cap scheme -- like similar price cap plans in states such as California -- addresses the problem of improper cross-subsidization by limiting the degree to which LECs can raise rates for their monopoly service offerings to offset revenue losses from below-cost pricing of competitive services, including new services such as video dialtone. Under the federal price cap regime, services with similar characteristics (such as the degree of competition faced and technology used to provide service) are grouped into price cap "baskets."[10/] Overall rate increases for services within a basket are limited by application of a price cap formula reflecting economy-wide inflation offset by a productivity factor.[11/] In theory, "[w]henever a set of rates is subject to a price cap, carriers have no incentive to shift costs into the basket because the cap does not move in response to cost changes."[12/]

Even within this theoretical construct of price cap regulation, however, the LECs retain the flexibility to offset rate decreases for a given service with rate increases for other services in the same price cap basket. Therefore, the FCC tentatively concluded in the Video Dialtone Reconsideration Order that a separate price cap basket should be established for video dialtone as opposed to allowing video dialtone to come within existing baskets.[13/]

10/ See LEC Price Cap Order at ¶¶ 29-30.

11/ Id. at ¶ 30. The FCC recently amended the productivity factor and sought additional comment on this issue.

12/ Id.

13/ Video Dialtone Reconsideration Order at ¶¶ 167, 222-23.

Curiously, the Commission also seeks comment on whether "other new LEC broadband services" should be included in the same price cap basket as video dialtone service.[14] CCTA is not sure what these services might be or the rationale the FCC has in suggesting that they be placed in a video dialtone price caps basket. Certainly, the question of whether other, as yet non-existent services should impact the creation of a video dialtone basket cannot be answered in the abstract. If a specific broadband service faces a similar degree of competition as video dialtone service, as well as possessing cost and demand characteristics similar to video dialtone service, it may be acceptable to include that service in the video dialtone price cap basket. For the present, however, the FCC should keep video dialtone service in a separate price cap basket and address the inclusion of new broadband services in that basket on a case-by-case basis, considering the specific characteristics of the new service.

CCTA urges the FCC to reaffirm the conclusion it reached in the Video Dialtone Reconsideration Order that video dialtone service belongs in a separate price cap basket. The Commission has recognized "that it will remain important to avoid grouping services with different levels of competition in the same [price cap] basket."[15] As a new service offered in competition with the service of incumbent cable operators and other providers of video services, video dialtone service will be offered in a much more competitive environment than the market for most telephone services.[16] Given the strong incentives

---

[14] See Notice at ¶ 12.

[15] LEC Price Cap Order, at ¶ 414 (footnote omitted).

[16] The FCC itself has recognized that video dialtone service competes for different customers and is different than other price cap services. See Notice, at ¶ 11.

that the LECs will face to subsidize video dialtone rates on the backs of their monopoly telephone ratepayers, the FCC should ensure that they will not be able to do so by requiring that video dialtone costs cannot be lumped together in the same price cap basket with other services.[17]

II. In Establishing a Video Dialtone Price Cap Basket, Open and Direct Review of Costing and Pricing Remains the Best Protection Against Improper Cross-Subsidization

Because even under price caps, the LECs retain the incentive and the ability to engage in cross-subsidization and anticompetitive pricing of video dialtone service, a key protection for monopoly telephone ratepayers, and for competitors in the video market, is the requirement that the LECs set their initial rates for video dialtone service at a level that recovers all relevant costs.[18] Moreover, any exercise of pricing flexibility for video dialtone service must be subject to a price floor no lower than the properly calculated Total Service Long-Run Incremental Cost ("TSLRIC") for video dialtone services.[19]

Proper costing is an essential ingredient in ensuring proper pricing of video dialtone service.[20] Indeed, proper costing is essential to establishing video dialtone price cap

---

[17] Furthermore, as noted herein, differences in the cost and demand characteristics of video dialtone and telephone services make it inappropriate to use a single productivity factor, as uniform treatment will reflect accurately the expected changes in cost over time for both types of service and the concerns that arise with the respective services. See Section III infra.

[18] Video Dialtone Reconsideration Order, at ¶¶ 217-220.

[19] Total Service Long-Run Incremental Cost ("TSLRIC") refers to the forward-looking economic cost of providing an increment equal to the entire service quantity over the long-run, when all inputs are variable. To avoid below-cost pricing, the unit price for video dialtone service must be equal to or greater than the average TSLRIC.

[20] Id.; see also Notice at ¶ 4.

basket. CCTA concurs with the FCC's conclusion in the Video Dialtone Reconsideration Order that video dialtone components should be assigned on a cost-causative basis.[21/] Unfortunately, neither the FCC, nor any consumer or competitor, has the information necessary to determine how well the LECs have followed these costing principles in developing their cost estimates for video dialtone service.[22/] In this regard, the FCC should commit to examining, as it gains video dialtone experience, whether its "existing rules for new services" are adequate for the task of establishing a reliable representation of video dialtone costs.[23/]

Even the best designed costing guidelines or price cap baskets are no protection whatsoever if regulators and interested parties are not allowed to scrutinize the LECs' cost

---

[21/] Video Dialtone Reconsideration Order, at ¶ 217 ("We recognize and accept the challenges inherent in determining which costs are truly the consequences of a carrier's decision to provide video dialtone service.").

[22/] See Notice at ¶ 4, summarizing the costing guidelines imposed by the Video Dialtone Reconsideration Order at ¶¶ 217-20. While CCTA believes that the Commission's decision to specify more detailed costing guidelines for video dialtone than for other new LEC services will help protect against anticompetitive behavior, it is concerned that the principle is only as beneficial as the regulatory commitment behind it.

[23/] See Video Dialtone Reconsideration Order at ¶ 206; LEC Price Cap Order at ¶¶ 406-418. CCTA's engineering and economic experts have concluded that Pacific Bell ("Pacific") has not assigned the costs of various components of its hybrid fiber-coax ("HFC") network properly to the "video only," "telephone only," and "shared" cost categories. This misassignment has led to Pacific's allocation of only 22 percent to video dialtone where over 50 percent of all network costs should be allocated to video if all components have been properly assigned. See letter from CCTA to Kathleen M. H. Wallman dated April 11, 1995 at 6, n.25. Moreover, the company's projected maintenance costs, for example, appear to be far lower than comparable figures for other LEC services and for cable operators. The company's projected maintenance costs, for example, appear to be far lower than comparable figures for other LEC services and for cable operators. See letter from CCTA to Kathleen M. H. Wallman dated January 6, 1995, and attached declaration of Dr. Robert A. Mercer, President of Hatfield Associates, Inc., and Dr. Leland Johnson.

studies to determine whether the costing guidelines have been followed. A requirement that initial video dialtone rates must cover all relevant costs is meaningless if the cost estimates have been deliberately understated or worse, are not properly ascertainable at all. Thus, the Commission's goal of protecting telephone ratepayers against cross-subsidization and assuring video competitors that the LECs will not engage in anticompetitive pricing can only be served by a thorough review of the LECs' video dialtone cost studies.

For example, price cap regulation cannot rectify the distortions in the LECs' cost studies. If initial video dialtone rates are set below cost, the price cap mechanism will not correct --- and indeed may exacerbate -- this anticompetitive pricing. In fact, in incorporating video dialtone into the price cap structure, there is the potential that the FCC could utilize a productivity offset under which the price cap ceiling would produce future rates that are less than or equal to initial rates in real terms (*i.e.*, adjusted for inflation).[24/]

It is for this reason that the Commission must take seriously its task of ensuring that initial video dialtone rates are thoroughly justified. The Commission must not lose sight of the real ratepayer protection issues raised by LEC video dialtone service. Only the most vigorous review of LEC costing and pricing of video dialtone service can prevent local telephone customers from being forced to subsidize the LECs' multi-billion dollar gamble in this new market.

[24/] If the FCC determines that there should be a productivity offset, it must bear in mind that unless the productivity offset falls well below actual LEC productivity gains for video dialtone service over time, video dialtone rates will remain below cost indefinitely if they are set improperly at the outset.

III. Selection of a Price cap Productivity Factor for Video Dialtone Service Should Be Postponed Until the FCC Reviews LEC Video Dialtone Costs and Sets Initial Rates

The Commission seeks comment on the appropriate formula to use in adjusting the price cap index applied to a video dialtone-only price cap basket.[25] Yet, the Commission itself has stated that examination of cost studies is the appropriate way to determine if a productivity factor is in the public interest and what its level should be if such a factor is used.[26] Without knowing which network components will be included in the costs assigned to video dialtone service, or how the initial rates will be set relative to the costs assigned, it is difficult to comment upon whether there should be a productivity factor applied in connection with video dialtone services and what it might be. If initial rates are set very close to the TSLRIC for the service, any overstatement of the productivity offset could push video dialtone rates below cost in just a few years. CCTA asserts that this risk of anticompetitive pricing outweighs the risk that the LECs will price video dialtone service too high without a productivity offset, as video dialtone service will face competition from cable and other video service providers.[27] Again, it is essential that the FCC establish a complete and accurate understanding of video dialtone costs before incorporating video dialtone fully into the price caps formula.[28]

---

[25] Notice at ¶ 19.

[26] LEC Price Caps Order at ¶ 99.

[27] Of course, any downward pricing flexibility for LEC video dialtone services should be constrained by a properly established floor. The Commission's current average variable cost standard is an absolute minimum criterion; however, this floor price may actually allow the LECs to price below TSLRIC, and thus improperly price below true economic cost.

[28] See Notice at ¶ 4, citing video Dialtone Reconsideration Order at ¶¶ 217-220.

There is here no historical record upon which to base a calculation of a productivity offset for video dialtone service. The various technologies are new and untested, and the rate at which demand for the service will grow is speculative and without precedent. Moreover, in analogous circumstances, the Commission previously declined to set a productivity offset as part of the cable industry price cap because of the lack of an industry-specific productivity study.[29/] Therefore, CCTA recommends that the Commission postpone consideration of the productivity factor, or Consumer Productivity Dividend, until it has established the rate and cost relationships for LEC video dialtone services.[30/]

Beyond the lack of relevant information, there is a real question as to where the FCC should recognize any productivity gains associated with deployment of new broadband technologies such as those in HFC network. For instance, Pacific has argued that its new networks are being constructed primarily to provide telephony services, and that such construction is justified by the cost savings for telephony services that its HFC will make possible.[31/] While CCTA believes that such statements defy basic principles of cost-causation and are untrue on their face,[32/] the FCC should not permit LEC video dialtone

---

[29/] Notice at ¶ 15 (citing Implementation of Section of the Cable Television Consumer Protection and Competition Act of 1992 - Rate Regulation, 9 FCC Rcd 5760 (1994).

[30/] If the Commission decides to go forward without any record to select a productivity offset, then CCTA recommends the offset initially be set at zero and that no Consumer Productivity Dividend be included.

[31/] See, for example, File Nos. W-P-C 6913 *et al.*, Pacific's Section 214 Applications for Approval of Video Dialtone Services to Four California Communities, December 20, 1993, Exhibit 3, Testimony of Dr. Robert G. Harris, at page 5.

[32/] See letter from CCTA to Kathleen M. H. Wallman dated April 11, 1995, declaration of Leland L. Johnson, Ph.D. at 5.

providers to have it both ways. Consequently, the FCC should hold the LECs to their own justifications for constructing new broadband networks and assign most of the productivity gains from this new technology to basic telephone services.

Similarly, the Commission should examine how its low-end adjustment and sharing mechanisms will affect LEC incentives to engage in cost shifting. Again, only when it has full and accurate information will the FCC be in a position to establish a logical framework for incorporation of video dialtone into the price caps regime.

IV. Price caps Alone Will Not Prevent Anticompetitive Pricing of Video Dialtone Services

Simply placing video dialtone in a separate price cap basket will not eliminate the risk of improper cross-subsidization and anticompetitive pricing by the LECs. As CCTA has observed in its previous filings in both this docket and in proceedings regarding Pacific's Section 214 applications for authority to offer video dialtone services in four California communities,[33] neither the FCC's price cap framework[34] nor California's intrastate price cap framework[35] precludes the LECs from shifting costs from competitive services — such as video dialtone services — to monopoly telephone service. As such, monopoly telephone ratepayers will be ill-served if the Commission relies exclusively on price caps to protect

---

[33] See Comments of CCTA in CC Docket 94-1, filed May 9, 1994, Reply Comments of CCTA filed June 29, 1994. See also, Petition to Deny of CCTA in re FCC Video Dialtone Application Numbers W-P-C-6913 et al., filed February 9, 1994.

[34] See, e.g., Video Dialtone Reconsideration Order, at ¶¶ 217-220.

[35] See California Public Utilities Commission ("CPUC") Decision No. D.89-10-03 (October 31, 1989).

against unwarranted rate increases attributable to the LECs' massive investment in broadband facilities to serve the video market.

In particular, the sharing and low-end mechanisms in both price cap schemes and the periodic reconsideration of the parameters of the price cap formulas (especially the productivity factor) reintroduce precisely those elements of traditional cost-of-service regulation that give the LECs an incentive to engage in cross-subsidization of competitive services through excessive rates for monopoly telephone services.[36/] The sharing and low-end adjustment mechanisms give LECs an incentive to "spend" otherwise shareable earnings from telephone services by reducing rates below-cost for competitive services. The periodic reconsideration of the price cap productivity factor gives LECs the incentive to show lower earnings and higher costs so as to persuade regulators to adopt a lower productivity hurdle to apply to future rates.

Although both the FCC and the CPUC are considering changes to the price cap framework to eliminate these vestiges of traditional cost-of-service regulation,[37/] neither has completely eliminated sharing and the low-end adjustment or eschewed all future adjustments to the price cap parameters. Ironically, the very fact that both agencies are considering a move to "pure price caps"[38/] in the near future merely heightens the incentives for the

---

[36/] While the FCC has indicated that it tentatively believes that eliminating sharing and the low end adjustment may serve the public interest, this is not the price caps regime that LECs are operating under today. See LEC Price Cap Order at ¶ 166.

[37/] See, e.g., LEC Price Cap Order at ¶ 184.

[38/] "Pure price-caps" entail the elimination of sharing and the low-end adjustment and the instatement of either "permanent" or strictly exogenous determination of the productivity offset.

LECs to engage in cross-subsidization and anticompetitive behavior now. The LECs know that shifting video dialtone costs onto today's telephone ratepayers will circumvent the mechanisms now in place to ensure that those customers do not pay excessive rates, and the LECs have good reason to believe that they will be able to reap the full benefits of such cost-shifting in the near future without any sharing constraint on total profits. Thus, the LECs have every reason to choose the lower productivity factors that require sharing of excess earnings (but will never result in any shared earnings if the LECs successfully shift costs). Moreover, demonstration of "low" productivity growth now will strengthen the LECs' argument for a lower "permanent" productivity factor under pure price caps.

CONCLUSION

For the foregoing reasons, CCTA urges the FCC to act immediately to reaffirm its commitment to placing video dialtone services in a separate price cap basket, reaffirm its commitment to examining all costs caused by LEC deployment of video dialtone, ensure that the public and competitors have full access to such cost information so as to allow them to assist the FCC in ferreting out anticompetitive conduct, and to postpone decisions regarding the productivity factor, the low end adjustment and sharing for video dialtone until it has developed a full and accurate record. Without rigorous enforcement of this essential regulatory oversight of the LECs' costing and pricing of video dialtone service, the

Commission's price cap framework cannot prevent the LECs from abusing their monopoly power in the telephone market to gain an unfair competitive advantage in the video market.

Respectfully submitted,

Alan J. Gardner
Jerry Yanowitz
Jeffrey Sinsheimer
CALIFORNIA CABLE TELEVISION ASSOCIATION
4341 Piedmont Avenue
Oakland, California 94611
(510) 428-2225

Frank W. Lloyd
Donna N. Lampert
James J. Valentino
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.
701 Pennsylvania Avenue, N.W.
Suite 900
Washington, D.C. 20004
(202) 434-7300

Economic Consultant:

Terry L. Murray
Murray and Associates
101 California Street
Suite 4225
San Francisco, CA 94111
(415) 394-9200

April 17, 1995

F1/38220.1

<u>**CERTIFICATE OF SERVICE**</u>

I, James J. Valentino, hereby certify that on this 17th day of April, 1995, I caused copies of the foregoing Comments of The California Cable Television Association on the Further Notice of Proposed Rulemaking in CC Docket 94-1 to be sent by First Class mail, postage prepaid, or to be delivered by messenger (*) to the following:

Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, NW
Room 814
Washington, DC 20554

Commissioner Andrew C. Barrett
Federal Communications Commission
1919 M Street, NW
Room 826
Washington, DC 20554

Commissioner James H. Quello
Federal Communications Commission
1919 M Street, NW
Room 802
Washington, DC 20554

Commissioner Rachelle Chong
Federal Communications Commission
1919 M Street, NW
Room 844
Washington, DC 20554

Commissioner Susan Ness
Federal Communications Commission
1919 M Street, NW
Room 832
Washington, DC 20554

Kathleen B. Levitz
Deputy Chief, Communications Bureau
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Kathleen M.H. Wallman*
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Peggy Reitzel*
Policy and Program Planning Division
Federal Communications Commission
1919 M Street, NW
Room 544
Washington, DC 20554

A. Richard Metzger, Jr.*
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Patrick Donovan*
Assistant Bureau Chief
Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Jill Ross-Meltzer*
Assistant Bureau Chief
Common Carrier Bureau
Federal Communications Commission
2033 M Street, NW
Room 918
Washington, DC 20554

Daniel L. Brenner
David L. Nicoll
National Cable Television
Association, Inc.
1724 Massachusetts Avenue, NW
Washington, DC 20036

James R. Coltharp*
Office of Commissoner
Andrew C. Barrett
1919 M Street, NW
Room 826
Washington, DC 20554

James Casserly*
Office of Commissioner
Susan Ness
Federal Communications Commission
1919 M Street, NW
Room 832
Washington, DC 20554

Richard Welch*
Office of Commissioner
Rachelle B. Chong
Federal Communications Commission
1919 M Street, NW
Room 844
Washington, DC 20554

Karen Brinkman*
Office of Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, NW
Room 814
Washington, DC 20554

Meredith Jones
Chief, Cable Services Bureau
Federal Communications Commission
2033 M Street, NW
Room 918
Washington, DC 20554

ITS*
Federal Communications Commission
1919 M Street, NW
Room 246
Washington, DC 20554

Ruth Milkman*
Office of Chairman Reed Hundt
Federal Communications Commission
1919 M Street, NW
Room 814
Washington, DC 20554

Pete Belvin*
Office of Commissioner
James H. Quello
Federal Communications Commission
1919 M Street, NW
Room 844
Washington, DC 20554

John S. Morabito*
Legal Counsel, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

James Schlichting, Chief*
Policy and Program Planning Division
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

Anna Gomez*
Legal Counsel, Common Carrier
Federal Communications Commission
Room 500
Washington, DC 20554

John E. Logan*
Federal Communications Commission
1919 M Street, NW
Room 808
Washington, DC 20554

Geraldine Matise
Acting Deputy
1250 23rd Street
Room 518
Washington, D.C. 20554

David Nall
Deputy Chief
1250 23rd Street
Room 518
Washington, D.C. 20554

James J. Valentino

38220.1